

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Conference Call Meeting of the Board of Trustees

June 27, 2011

VMERS Members present:

STEVEN JEFFREY, Chairperson, Employer Representative (term expiring July 1, 2014) – via telephone

JAMES QUINN, Employee Representative (term expiring July 1, 2012)

THOMAS GOLONKA, Governor's Appointee – via telephone

ELIZABETH PEARCE, Vermont State Treasurer

Board members absent:

PETER AMONS, Employee Representative (term expiring July 1, 2012)

Also attending:

Matt Considine, Director of Investments

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board

Jaye Pershing Johnson, Assistant Attorney General

David Driscoll, Buck Consultants – via telephone

Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Steven Jeffrey, called the Monday, June 27, 2011 conference call meeting to order at 9:03 a.m., which was held in the Treasurer's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the minutes of May 31, 2011**

On motion by Mr. Golonka, seconded by Mr. Quinn, the Board unanimously voted to approve the minutes of May 31, 2011, as submitted.

Mr. Driscoll indicated he did delete the extra paragraph that was discussed on page 19 and that he did insert the sentence indicating what the single equivalent rate was on page 22.

ITEM 2: **Review/discuss additional information requested relating to moving to a Select and Ultimate investment assumption**

Ms. Johnson addressed the Board's concern about the issue of rates paid by municipalities and the unfunded liability. There was a discussion about when there were surplus funds they could be added to the health savings plan. There was a discussion about the contribution rates. There was a discussion how the select and ultimate method fit into the statutory structure. Ms. Pearce indicated the select and ultimate was not an actuary method, but rather an assumption process. Mr. Driscoll explained the reasoning for using a single equivalent rate. Mr. Golonka expressed his thoughts concerning the unfunded pension liability and the select and ultimate method. There was a discussion about GASB and EAN (Entry Age Normal) and possible upcoming changes. There was a discussion about the differences between the three retirement systems. There was a discussion about the change of the contribution rate for Bennington. It was

discussed the reason for the change was a change in the assumptions, in addition to the adoption of the select and ultimate method.

(Ms. Webster left the meeting shortly to obtain further information for the Board.)

On motion by Ms. Pearce, seconded by Mr. Golonka, the Board voted to adopt the Select and Ultimate methodology for the purpose of determining the interest rate as presented in the *Report on the Results of an Experience Study of the Vermont Municipal Employees' Retirement System Covering the Period July 1, 2005 through June 30, 2010*. Ms. Pearce, Mr. Golonka and Mr. Quinn voted aye. Mr. Jeffrey voted nay. The motion carried with a three to one vote.

Ms. Pearce requested Mr. Driscoll be available for the joint VMERS and VPIC meeting to be held on Tuesday, June 28th at 8:30 a.m. Mr. Driscoll indicated he would be happy to call in, just to provide him with the dial-in information. Ms. Pearce indicated Buck and NEPC could revisit the Select and Ultimate each year to see if the Board is still comfortable with the rate.

(Mr. Driscoll, Mr. Considine and Ms. Johnson left the meeting at this time.)

(Ms. Webster returned to the meeting during Item 3.)

ITEM 3: Discuss/act on recommendation for new doctor on the Medical Review Board

On motion by Mr. Golonka, seconded by Mr. Quinn, the Board voted unanimously to accept the recommendation of Dr. Davignon to have Dr. Frank Kalibat be appointed as the replacement psychiatrist on the Medical Review Board.

ITEM 4: Any other business to come before the Board

None.

ITEM 5: Adjournment

On motion by Mr. Quinn, seconded by Mr. Golonka, the Board unanimously voted to adjourn at 9:50 p.m.

Next Meeting Date:

There is no VMERS meeting currently scheduled.

Respectfully submitted,

Cynthia L. Webster, Secretary to the Board